

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**

IN RE:	§	
	§	CASE NO. 24-10181
RIGHTWORKS STAFFING, INC.	§	
	§	CHAPTER 11
	§	SUBCHAPTER V
DEBTOR	§	

**MOTION TO AUTHORIZE DEBTOR TO DISBURSE
PAYROLL AND ASSOCIATED PAYROLL TAXES FOR PRE-PETITION PERIOD**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

NOW COMES RIGHTWORKS STAFFING, INC., the Debtor in Possession in the above entitled and numbered Chapter 11, Subchapter V proceeding (“Debtor”), and files this motion seeking the authority of the Court to disburse the Debtor’s regular weekly payrolls (including the associated payroll taxes) scheduled for March 1, 2024, covering the period between February 19 and 25, 2024, inclusive, which period is in part prior to the commencement of these proceedings. In support of such requested relief, the Debtor would respectfully show the Court the following:

SUMMARY OF RELIEF REQUESTED

The Debtor seeks authority to make its regularly scheduled payroll, along with associated payroll taxes for its regularly scheduled payroll on March 1, 2024 which covers February 19 through February 25, 2024. Of such, five days (February 19 through February 23, 2024) is a pre-petition work days and two are post-petition work days.

BACKGROUND AND ARGUMENT

1. These Chapter 11, Subchapter V proceedings were commenced by voluntary petition filed on February 23, 2024 (the “Petition Date”). At this time, the Debtor continues to operate its business and manage its assets as a debtor in possession pursuant to §§ 1107 and 1108 of the

Bankruptcy Code. The Debtor has all of the rights, duties and powers of a trustee under § 1106 of the Bankruptcy Code, except as limited by 11 U.S.C. § 1107(a).

2. This Motion is being filed prior to the next day the Clerk's Office is open following the filing of the Voluntary Petition and is a recognized "First Day Motion" under the Court's Standing Order on First Day Motions in Chapter 11 Cases.

3. The Debtor is a Texas corporation that performs employee staffing services in the Austin, Texas metropolitan area as well as across the country. It employs sales persons, recruiters, developers, support staff, and corporate officers to conduct its business.

4. The Debtor is scheduled to make regular weekly payroll on March 1, 2024, for employee labor performed between the dates February 19, 2024 and February 25, 2024, inclusive. For the March 1, 2024 payroll, February 19 through 23 are pre-petition workdays, with the remaining two days being post-petition. The total amount payable to each individual employee constitutes a priority debt under 11 U.S.C. § 507(a)(4) and in the case of each such employee, the amount payable is well under the dollar limitation for priority treatment under that section. Under the facts of this case, these employee claims would be entitled to priority in payment over the claims of all other creditors, except for administrative claimants.

5. It is critical to the operation of the Debtor's business, and to the Debtor's reorganization efforts that it be permitted to fund these payrolls as scheduled. The Debtor will have funds available on March 1, 2024 to fully disburse the payrolls, including applicable payroll taxes. Such funds are the cash collateral of Gulf Coast Business Credit, OnDeck, Credibility Capital, the U.S. Small Business Administration ("SBA") and iAdvancenow (WebBank). Contemporaneously with this motion the Debtor has filed a motion to use that cash collateral. No creditor has a lien on the Debtor's deposit accounts. Failure to timely disburse employee

paychecks when they are due on March 1, 2024 as scheduled would likely result in the loss of valued employees (or undue hardship upon such employees) whose continued services are essential to the continuation of the Debtor's business operations.

6. The Debtor has fifteen (15) employees. The payroll is not expected to exceed \$35,000.00 including payroll taxes. The amount of pre-petition wages, payroll taxes, benefits and commissions will be approximately \$25,000 and \$10,000 post-petition. To the best of the knowledge and belief of Debtor's undersigned counsel, none of these employees is an insider of the Debtor, as that term is defined in 11 U.S.C. § 101(31), except for John Florez and Karen Sironen, who are husband and wife, and serve as the CEO and Vice-President of the Debtor and Christina Sironen who is Karen Sironen's sister and serves as Operations Manager. All actively participate in the Debtor's business on a daily basis. The amounts to be paid per pay period to Mr. Florez and Karen Sironen are \$2,307.69 each, including payroll taxes and health insurance. Of these amounts, \$1,648.35 each is pre-petition for the March 1, 2024 payroll. Pre-petition, they were paid a weekly salary of \$425.00, and \$530.00, respectively, plus a combined draw of \$4,615.50 plus distributions. Post-petition, their combined salaries total \$4,615.38. Christina Sironen is to be paid \$1,600 every pay period, of which \$1,142.86 is pre-petition in the March 1, 2024 payroll. Attached as Exhibit A is a breakout of the proposed payrolls.

7. In addition sales and recruiting personnel are paid commission in arrears and only after the Debtor's clients pay for such services. Those Commissions are not determined until the Wednesday before each Friday and are excepted to total approximately \$5,000 of the \$35,000 payroll.

WHEREFORE, PREMISES CONSIDERED, the Debtor prays that the Court, after notice and a hearing, enter an order authorizing the Debtor to disburse its regular employee payroll on

March 1, 2024 together with the payroll taxes and benefits related to such, for the period between February 19, 2024 and February 25, 2024, inclusive, and granting such other and further relief to which the Debtor might show itself to be entitled.

Dated: February 25, 2024.

Respectfully submitted,

/s/ Frank B. Lyon

Frank B. Lyon

Texas Bar No. 12739800

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ATTORNEY FOR THE DEBTOR IN POSSESSION,
RIGHTWORKS STAFFING, INC.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing motion was served on February 25, 2024, on the persons named below, at the addresses indicated and by the means indicated and the attached matrix by US Mail.

United States Trustee

Shane Tobin

By ECF and by email to:

shane.p.tobin @usdoj.gov

Debtor

Rightworks Staffing, Inc.

Attn: John Florez, CEO

john@rightworksinc.com

/ s / Frank B. Lyon

Frank B. Lyon

EXHIBIT A

EXHIBIT A

Payroll

Row Labels	*GROSS PAY	*TOTAL EMP'R TAX	% to RW	Gross Pay RW	Emp'r Tax RW
000001 - DEVELOPERS - TOTAL	\$3,720.00	\$273.14	100%	\$3,720.00	\$273.14
Koralla, Hemanth software developer	\$3,720.00	\$273.14	100%	\$3,720.00	\$273.14
000002 - OPERATIONS - TOTAL	\$6,023.08	\$730.71	50%	\$3,011.54	\$365.36
Cunningham, Philippa Jane digital svcs & operations mgr	\$1,442.31	\$175.05	50%	\$721.16	\$87.53
Matthews, Shelby onboarding mgr	\$1,250.00	\$127.08	50%	\$625.00	\$63.54
Rhea, Alison R vp of operations	\$1,730.77	\$219.31	50%	\$865.39	\$109.66
Sironen, Christina operations mgr	\$1,600.00	\$209.27	50%	\$800.00	\$104.64
000004 - SALES - TOTAL	\$15,295.27	\$1,237.06	90%	\$13,765.74	\$1,113.35
Brookins, Lauren recruiter	\$1,244.83	\$129.82	90%	\$1,120.35	\$116.84
Broughton, Holly recruiter	\$1,643.22	\$119.23	90%	\$1,478.90	\$107.31
Castille, Brennan James sales & recruiting	\$3,060.85	\$230.26	90%	\$2,754.77	\$207.23
Cooper, Brittane sales & recruiting	\$2,695.25	\$195.63	90%	\$2,425.73	\$176.07
Evans, Brynn sales & recruiting	\$2,307.69	\$169.88	90%	\$2,076.92	\$152.89
Grover, Matthew vp americas	\$1,901.12	\$143.14	90%	\$1,711.01	\$128.83
Hudachek, Nicole Elise sales & recruiting	\$1,000.00	\$143.43	90%	\$900.00	\$129.09
Tolbert, Nancy sales & recruiting	\$1,442.31	\$105.67	90%	\$1,298.08	\$95.10
000005 - OFFICERS - TOTAL	\$9,230.76	\$730.39	50%	\$4,615.38	\$365.20
Florez, John officer	\$4,615.38	\$386.73	50%	\$2,307.69	\$193.37
Sironen, Karen E officer	\$4,615.38	\$343.66	50%	\$2,307.69	\$171.83
Total				\$25,112.66	\$2,117.04

Summary

Rightworks payroll	\$25,112.66
Rightworks employer payroll taxes	\$2,117.04
Rightworks benefits & insurance	\$2,475.62
Estimated commissions (sales & recruiting)	\$5,000.00

Grand Total \$34,705.33

PROPOSED ORDER

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**

IN RE:	§	
	§	CASE NO. 24-10181-smr
	§	CHAPTER 11
DEBTOR	§	SUBCHAPTER V
	§	

**ORDER AUTHORIZING DEBTOR TO DISBURSE
PAYROLL AND ASSOCIATED PAYROLL TAXES FOR PRE-PETITION PERIOD**

On this day, at Austin, Texas, came before the Court for expedited hearing the Motion to Authorize Debtor to Disburse Payroll for Pre-Petition Period [the “Motion”], filed in this Chapter 11 proceeding by the Debtor in Possession, Rightworks Staffing, Inc., (the “Debtor”). The Debtor appeared through its attorney of record, Frank B. Lyon. Other parties in interest appeared, as announced on the record in open Court.

The Court finds, based upon the representations of Debtor’s counsel, that notice is proper in that a copy of the Motion, together with notice of the time, date and place of the expedited hearing on the Motion, was served upon each of the parties entitled to notice under Title 11,

United States Code, the Federal Rules of Bankruptcy Procedure and the Local Rules of this Court. The Court further finds that no objections to the Motion were filed by any person and no party appeared in opposition to the Motion.

Having considered the Motion and the evidence and arguments of counsel, the Court finds: that the Motion is proper; that it is critical to the operation of the Debtor's business, and to the Debtor's reorganization efforts, that it be permitted to disburse its regular weekly payroll on March 1, 2024, as scheduled; that failure to timely disburse employee paychecks when they are due March 1, 2024, would likely result in the loss of valued employees whose continued services are essential to the continuation of the Debtor's business operations; and that each of the persons who are to receive payments as part of the scheduled payroll would, if treated as creditors in this proceeding, be entitled to priority under 11 U.S.C. § 507(a)(4) for the full amount of the payroll disbursements scheduled for that person.

IT IS THEREFORE ORDERED that the Motion is hereby GRANTED, and the Debtor is hereby authorized to disburse its scheduled payrolls on March 1, 2024 for employee labor performed between the dates February 19 through 24, 2024, inclusive, including the amounts that would regularly have been paid to John Florez, Karen Sironen and Christina Sironen on March 1, 2024, together with all payroll taxes associated with such, in the amount shown in the attached Exhibit A.

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This Order was prepared and submitted by
THE LAW OFFICE OF FRANK B. LYON
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